



PSCM

Purchasing & Supply Chain Management (PSCM)

"Improving Warfighter Readiness through PSCM Transformation"

FACT SHEET

What is PSCM?

The Air Force is embarking on the most significant change in sustainment support to the warfighter. A key component of this transformation is Purchasing and Supply Chain Management, or PSCM.

When implemented, PSCM will integrate our purchasing and supply processes into a single end-to-end process that spans the Air Force supply system, reducing supply chain operating costs and improving warfighter readiness. PSCM processes will be customer centric and seamlessly link *demand and supply planning, purchasing, inventory management, and suppliers.*

While it is estimated to take several years to fully implement all elements of this piece of the overall sustainment transformation, the Air Force is fully committed to establishing PSCM as a new core capability to meet the needs of Air Force 21st century Air and Space Expeditionary Forces.

What's the PSCM vision, mission and strategy?

Vision: To be the sustainment supplier of choice for worldwide weapons systems parts and equipment support.

Mission: To improve readiness through the PSCM transformation.

Strategy: To deliver on these promises, we will...

- Collaborate with customers and suppliers
- Build seamless end-to-end processes
- Design in process flexibility and agility
- Integrate purchasing and supply functions
- Develop PSCM as a core capability

Why did AFMC launch the PSCM Transformation?

Senior AF leadership identified AFMC as the lead MAJCOM on this effort and initiated the PSCM transformation to rapidly reduce costs, improve performance, and address the following concerns:

- *Sustainment processes do not meet the needs of the AEF* – The AEF war fighting mission demands agility in PSCM processes at affordable costs.
- *Weapons System sustainment costs are impeding modernization* – Reducing total supply chain costs can potentially free up funds for modernization.
- *Competition from external sources* – Rising costs are opening the door for increased competition from external sources to provide Air Force supply chain management and parts support. Improving performance encourages customers to select Air Force supply operations as their supplier of choice for sustainment.
- *Increasing pressure to reduce costs and improve availability* – Senior leaders emphasize the need to significantly reduce costs while improving weapons system availability.
- *Loss of Intellectual Capital* – Near-term retirements create the need to enhance workforce skills and provide an opportunity to facilitate process change and multi-skilling.

What is the Scope of PSCM?

The AFMC PSCM Integrated Product Team (IPT) was chartered to develop seamless and transparent Purchasing and Supply Chain Management processes that would improve product quality and delivery and reduce purchasing costs. The effort is an enterprise approach. It spans the Command – including Headquarters and the three Air Logistics Centers – and covers Material Support Division (MSD), equipment items, and associated engineering services.

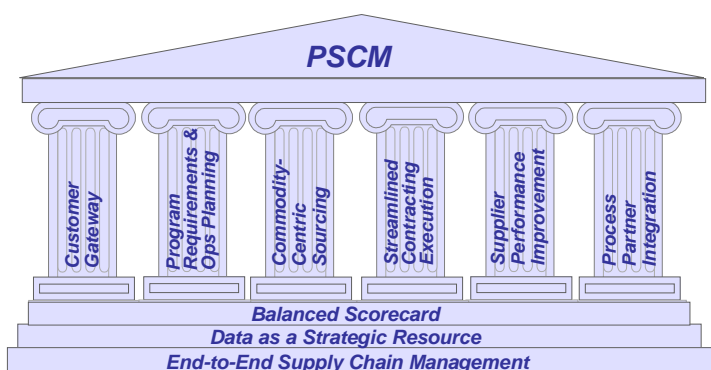
Who is working on PSCM?

The AFMC PSCM team represents a major collaborative effort between LG and PK. The team is composed of a large cross section of disciplines including Acquisition, Item Management, Contracting, Engineering, Finance, Maintenance and Program Management. The team includes representatives from the three ALCs, HQ AFMC, HQ USAF, and Regional Supply Squadron (RSS) members from ACC and AMC.

The PSCM structure is comprised of a number of initiative teams focused on supply chain strategy/inventory analysis, balanced scorecard deployment, commodity council implementation support, supplier relationship management (SRM), customer relationship management (CRM), Lean PR, Weapon System Supply Chain Management (WS-SCM), Advanced Planning & Scheduling (APS), workforce strategy, and change management.

How will PSCM draw upon leading practices?

As appropriate, the PSCM transformation will apply leading practices from the public and private sectors. The three foundation elements and six “pillars” will guide the design of the transformed end-to-end PSCM process model as illustrated in the following graphic.



Graphic: The PSCM “Pillars”

What is the PSCM timeline?

The PSCM project was initiated in February 2001 as part of the AF/IL Spares Campaign. Over the next year, the PSCM project evolved as an expansion of work surrounding F-100 engines, the C-130 landing gear, and auxiliary

power units. In November 2002, General Lyles gave the green light to form a project team. The team came together in March 2003 to kick-off the current effort. The PSCM approach has been to develop processes first - then define the technology, organizational structure, and skills to enable the process.

In April 2004, the PSCM team delivered an enterprise implementation plan that addressed redesigned business processes, new job roles, a justification for required information technology, an approach for workforce training, and a proposed organizational structure. Full deployment of the plan has begun.

What are some of the key issues that PSCM will address?

- Only 4.4% of 20,000 MSD ‘active’ items in AFMC and 18% of our spend have been placed on twelve strategically sourced contracts
- Our end-to-end cycle time for buy parts (Demand Planning + Purchase Requisition + Admin lead time + Production lead time) averages 660 days
- Although recent improvements have been made, \$28.8 billion inventory exists across the AF supply chain, in part, due to long cycle times
- 25% to 28% of all PRs are received by contracting inside the standard production lead time (PLT), e.g. need date cannot be met with the standard PLT
- Deficiency reports (DRs) from customers average over 80 days to resolve, freezing cash during that time period
- Suppliers, including organic repair, are not measured or treated as strategic partners, minimizing the opportunity to reduce costs and improve service
- 199 IT system interfaces are used throughout the end-to-end process adding handoffs, complexity over the “source of truth”, and cost
- 51% of AFMC logistics professionals and 33.5% of AFMC contracting professionals are eligible to retire within five years

How can I learn more about PSCM?

For more information, we invite you to contact us at PSCM.Info@wpafb.af.mil, or visit our website at:

<https://afkm.wpafb.af.mil/ASPs/CoP/OpenCoP.asp?Filter=OO-LG-OO-SC>